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E.O. 12958: DECL: 10/25/2016

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SUBJECT: ELECTION UPDATE: THE "NEW" FACE OF THE CONGRESS;
OAS EOM FALLOUT CONTINUES; NGO SEEKS TRANSPARENCY AND POLL
DATA

Classified By: PolOff Arnaldo Arbesu for reasons 1.4 (B&D)

¶1. (SBU) Summary: More than a week after the first round of presidential elections on October 15, election authorities have officially confirmed Alvaro Noboa's first round win with 26.83%, over Rafael Correa's 22.84%. Recent but unpublished poll data reveals that Noboa leads Correa by a 16-point margin. We believe Correa will narrow the margin considerably before election day on November 26. Preliminary congressional election results confirm the electorate's punishment of traditional political parties, ushering in new Congress led by Noboa's Institutional Renewal Party (PRIAN) and Lucio Gutierrez' Patriotic Society Party (PSP). Combined these two parties are expected to win nearly half of the seats in the new Congress. Meanwhile, the OAS is reviewing the situation facing its electoral observation mission headed by Rafael Bielsa in the face of politicized criticism. Election authorities have decided to forgo a preliminary count in the second round, which will delay official results. End Summary.

It's Official

¶2. (U) Official TSE results for the first round of presidential voting were confirmed late on October 24, as follows.

Noboa (PRIAN): 26.83%
Correa (PAIS movement): 22.84%
Gilmar Gutierrez (PSP): 17.42%
Leon Roldos Aguilera (RED-ID): 14.84%
Cynthia Viteri (PSP): 9.63%
Luis Macas (Pachakutik): 2.19%
Fernando Rosero (PRE): 2.08%
Marco Proano Maya (MRD): 1.42%
Luis Villacis (MPD): 1.33%
Jaime Damerval (CFP): 0.46%
Marcelo Larrea Cabrera (ATR): 0.43%
Lenin Torres (MRPP): 0.28%
Carlos Sagnay de la Bastida (INA): 0.25%

Total registered voters: 9,165,125
Total votes: 6,610,504 (72% participation, vs 65% in 2002)
Blank votes: 316,220
Invalid votes: 775,613 (12% of votes cast, vs. 11% in 2002)

Congressional Results Trickling in

¶3. (U) The smaller provinces are counting faster than the larger provinces because the provincial election councils have fewer votes to count. Provincial election councils have finished counting votes in 15 of 22 provinces. The remaining provinces have all counted more than 50% of the votes. Once counted, the votes must be processed by a mathematical formula to determine the proportion of congressional deputies for each party. Of the 15 provinces that have already counted all the votes, 14 have submitted the tallies to the mathematical formula: those provinces have determined the final results for 38 of 100 congressional seats.

Voters Disdain Congress, Established Parties

¶4. (SBU) Preliminary results indicate that voters invalidated their votes, in part as a protest against the institution of Congress, anywhere from 8.6% in Galapagos province to 33.1% in Pichincha province. In some provinces, null votes outnumbered the front-runner. If current trends in the preliminary results hold, there will be a major shift in balance of power in the new 100-member unicameral legislature, as follows:

Big Losers: Social Christian Party (PSC): from 26 to 14 seats
Democratic Left Party (ID): from 16 to 15 seats (shared with Roldos' RED)
Ecuadorian Roldosista Party (PRE): from 15 to 5 seats
Pachakutik: from 10 to 6 seats

Big Winners: PRIAN: from 10 to 27 members, and the presidency of Congress for 2007-2008.

Patriotic Society Party (PSP): from 5 to 21 members, and the 1st vice presidency of Congress for 2007-2008.
(Note: under the constitution, the PSP would assume the presidency of congress, and the PRIAN would take the 1st vice presidency during the period 2009-2010.)

¶5. (SBU) Thus, voters have dealt a blow to older established parties like the PSC (around since the 1950s), ID (founded in 1968) and PRE (founded in 1983 and unable to hold ground with its leader Abdala Bucaram in exile in Panama) in favor of newer parties like the PRIAN (founded in 1998) and PSP (founded in 2001).

PRIAN/PSP Alliance?

¶6. (SBU) A PRIAN/PSP coalition coupled with the PRE's projected 5 members, or the centrist and serious-minded UDC's projected 5 members, would give a Noboa presidency a majority in Congress. On some issues, the PSC bloc could also become a likely ally for the Noboa agenda. PRIAN and PSP are flirting again with an alliance, as they did before the first round. PSP leader Lucio Gutierrez has conditioned PSP support on bringing to justice those who illegally overthrew his government. Noboa has publicly committed to do so, with the exception of President Palacio. Noboa also charged that Correa, as a self-proclaimed member of the "forajido" movement which called for Gutierrez' ouster, should be considered one of the "golpistas."

¶7. (C) PSP leader and newly-elected Andean Parliamentarian Ivonne Baki told the DCM on October 26 that PSP/PRIAN talks had not begun, and she had recommended that Lucio Gutierrez wait for an overture from Noboa. Rather than an overt alliance, Gutierrez was more likely to let his supporters decide who to support in the second round, and any working agreement with the PRIAN was likely to be tacit. Should a PRIAN/PSP governing coalition not emerge, it would take at least four party blocs in the new Congress to form a majority.

¶8. (C) OAS Rep Hugo Saguier (please protect) told PolChief on October 20 that OAS EOM Chief Rafael Bielsa had left Ecuador for consultations next week in Washington with the OAS Sec-Gen over mission strategy. Saguier said Bielsa wants to continue as EOM chief but speculated that the OAS might possibly decide to replace Bielsa, in light of damage to the mission's credibility caused by attacks from the Correa camp, however unjustified. Saguier believed the attacks on Bielsa were tactical, motivated by Correa's fall in the polls. They centered first on Bielsa's alleged personal bias, and later on the scandal over the failed quick count by E-vote, the company contracted by the GOE to conduct the preliminary quick count whose spokesman, Santiago Murray, had previous ties to the OAS.

----- Polls Show Noboa Ahead -----

¶9. (SBU) In a nationwide poll conducted by the polling company, Informe Confidencial, on October 21-22, Alvaro Noboa leads with 58% support among decided voters (who included 68% of those polled) in the second round election on November 26. But the numbers also showed that Noboa had significantly higher "unfavorable" ratings than Correa, even in the coast, Noboa's vote stronghold. The pollsters had expected Noboa to gain a larger bounce coming out of the first round victory, and that his lead was soft and very vulnerable. They believed that "the election is Noboa's to lose," and worried about over-confidence. He needs to stick to his original campaign message of helping the poor, creating jobs, building affordable housing and attracting foreign investment. Noboa's public commitment to prosecute those who participated in the overthrow of the Gutierrez government was a tactical error, they believe, which could cost Noboa support, especially in Quito. They warned that Noboa has no visible political allies from the highlands region, which could compound problems of governance, should he be elected.

Campaign Financing Watchdog Calls for Equity

¶10. (U) Electoral watchdog NGO "Citizen Participation" formally requested national election authorities to fully comply with the law and make public the campaign spending results for the first round election. The group also requested that campaign finance data be made available on a timely basis during the campaign period for the second round of elections. Should any candidate exceed the approved spending limits, as Noboa reportedly did in the first round, the group urged the TSE to apply sanctions as prescribed by law to ensure campaign spending equity between the two finalists.

----- Comment -----

¶11. (C) We think it is very important that the USG not be seen as a protagonist in the decision whether to stick with or replace Bielsa. The composition of the OAS observation mission is strictly an issue between the OAS and the GOE. There are issues on either side of this decision, but accusations against him have been overstated and will probably dog the mission in the second round regardless of who is in charge.

¶12. (C) A PRIAN/PSP governing coalition, should it emerge, could boost prospects for stability if Noboa wins in November. It would also set the stage for more stable Congress-Executive relations. But Noboa's naturally autocratic style raises questions about his inclination and capacity to reach out to multiple blocs -- already a challenge to achieve and sustain in Ecuador under the best of conditions. The costs of such an alliance were unnecessarily assumed by Noboa when he pledged to prosecute Gutierrez'

ousters. Correa's governability challenges would be even greater. His lack of allies in Congress and proposed constituent assembly ensure a confrontation with Congress over political reform, from the outset. To win, Noboa clearly needs to get back "on-message" and stop fueling fears of a political witch-hunt. The Ambassador will meet separately with Noboa and Correa in coming weeks to lay the basis for productive engagement with whoever wins. She will also meet separately with the Gutierrez brothers to keep a channel open to that newly revitalized political force.

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